

March 20, 2009

Maine Milk Commission Meeting Minutes
Deering Building, Room 233
Augusta, Maine 04333

Notices for the March 20, 2009 meeting were distributed to Commission members, intervenors and other interested parties February 20, 2009 and sent to the Secretary of State's Office for posting on February 23, 2009.

Commission Present: Colon Durrell, Richard Cook, John Joseph, Mark Hedrich, *ex-officio*

Commission Absent: Michael Wiers

Department Officials: None

Staff Present: Tim Drake, Executive Director, and Carol Gauthier, Office.

Legal Counsel: Not present

Intervenors Present: John Blake, H.P. Hood, Inc., Thomas Brigham, Oakhurst Dairy, Julie Marie Bickford of MDIA, Dale Cole, President of the Maine Dairy Industry Association (MDIA) Marc Lessard and Steve Rand of Hannaford's.

Others Present: Fred Hardy from MDIA; Chuck Farrand, David Doak, Cynthia Bissell, Galen Larrabee and Walter Fletcher dairy farmers, Dr. George Criner, Amy Cook and Stewart Smith from the University of Maine.

Acting Chair Colon Durrell called the meeting to order at 1:45 pm.

Agenda Item 1: Minutes: John Joseph made a motion to accept the minutes of the February 20, 2009 meeting. Richard Cook seconded. Motion passed 3-0.

Agenda Item 2: Amy Mills, Assistant Attorney General: No report.

Agenda Item 3: Minimum Prices:

Tim Drake reported that there is a prevailing premium of \$1.10/cwt on Class I for April 2009 reported by Dairy Marketing Services (DMS) and Agri-Mark Cooperative. In addition to this premium, both Agri-Mark and DMS reported that an additional \$0.43/cwt for milk that comes from producers who do not treat their cows with the rBST hormone will be in affect. Federal Order One Class I price for April is \$13.61. He explained that a schedule was prepared using this information plus a producer cost of production adjustment (COPA) of \$1.52/cwt. He stated that this price schedule was for information purposes and that the Commission was not bound to it, and should make their pricing determination after hearing testimony.

Chairman Durrell asked if there were any comments from the intervenors. Julie-Marie Bickford stated that the current milk prices were a worst case scenario for dairy farmers; costs remain high while milk prices have fallen to historic lows. She further stated that there is a great deal of uncertainty amongst the farmers due to this and the fact that the dairy relief program may face cuts in the near future. She asked the commission members to please take these factors into account when setting April's prices. John Joseph asked what milk prices had been forecast by Bob Wellington. Julie- Marie stated that

milk prices have been forecast to rise through the fall of 2009 but only to the \$15 to \$16 dollar range. Dale Cole asked the commission the increase the cost of production adjustment. John Joseph moved to increase the cost of production adjustment to \$1.75/cwt and Richard Cook seconded the motion. Dale asked the commission to remember last year when retail prices were \$2 over the minimum and that now the prices are closer than ever even though there is a higher handling fee. Mark Lessard of Hannaford's reminded the commission that Hannaford's did reduce margins over minimum prices but did not see an increase in volume sold by doing that. He further stated that any increase will have an effect negatively. The motion was defeated 3-0. Mark Hedrich made a motion to increase the COPA to \$1.65 and John Joseph seconded the motion. This motion was defeated as the vote was 2-2. John Joseph moved to set the COPA at \$1.60 which Mark Hedrich seconded. Tom Brigham said that due to the fact that the Class I price had an increase for April milk he felt that the COPA should remain at \$1.52 for a while longer. Julie-Marie Bickford made the offer to keep the COPA at the present level for a month and reserve this discussion for a later time when we know what the legislature does for the "tier" program. The motion lost by a 0-3 vote. John Joseph made a motion that schedule #04-09 be adopted as prepared, Richard Cook seconded this motion, and the motion passed 3-0.

Agenda Item 4: Maine Monthly Price Survey: The Commission reviewed the Maine price survey for March 2009 which included prices for Augusta, Bangor/Brewer, Palmyra, Auburn and Brunswick.

Agenda Item 5: Next Scheduled Meetings:

- April 17, 2009, Friday 1:30 p.m.
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME
- May 22, 2009, Friday 1:30 p.m.
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME
- June 19, 2009, Friday 1:30 p.m.
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME
- July 17, 2009, Friday 1:30 p.m.
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME

Agenda Item 6: Other:

1. **Milk Commission Budget:** The Commission reviewed the latest budget summary.

Cost of Production Study: Dr. Criner and Stewart Smith gave a presentation titled the Maine Dairy Cost Study. This presentation dealt mostly with projections of production for larger dairy operations and the increased costs of the Maine Dairy Relief program associated with this. After much discussion the commission asked Dr. Criner to provide the commission with data for three tiers and related short run break even costs for these tiers.
2. **Milk Promotions:** None
3. **Oakhurst Consent Agreement:** Tim Drake drew the commission members' attention to a consent agreement that legal counsel Amy Mills and he had negotiated with Oakhurst. This agreement had been negotiated per the commission's instructions and awaited the commission's approval. John Joseph made the motion

to accept the agreement as negotiated and Richard Cook seconded this motion. The motion passed unanimously.

4. **Dealer Cost and Accounting System:** Tim Drake reported that Dr. Criner would work on this after he finishes with the cost of production study, perhaps in June.

Agenda Item 7: Executive Session: The Commission did not go into Executive Session.

Adjourned: Adjourned at 3:40 pm March 20

Tim Drake, Maine Milk Commission